

*Financial Report*

*Lafourche Parish Drainage District No. 1*

*Galliano, Louisiana*

*December 31, 2004*

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 6-29-05

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December 31, 2004

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## FINANCIAL SECTION



Bourgeois Bennett

## INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners,  
Lafourche Parish Drainage District No. 1,  
Galliano, Louisiana.

We have audited the accompanying basic financial statements of the Lafourche Parish Drainage District No. 1, (the District), a component unit of the Lafourche Parish Council, State of Louisiana, as of and for the year ended December 31, 2004, as listed in the table of contents. These basic financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Lafourche Parish Drainage District No. 1, as of December 31, 2004, and the changes in financial position and the budgetary comparison for the District for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Management's Discussion and Analysis on pages 3 through 7 is not a required part of the basic financial statement but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with Government Auditing Standards, we have also issued our report dated March 14, 2005 on our consideration of the Lafourche Parish Drainage District No. 1's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

*Bougeois Bennett, L.L.C.*

Certified Public Accountants.

Thibodaux, Louisiana,  
March 14, 2005.

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

### **Lafourche Parish Drainage District No. 1**

The Management's Discussion and Analysis of the Lafourche Parish Drainage District No. 1's (the District) financial performance presents a narrative overview and analysis of the District's financial activities for the year ended December 31, 2004. This document focuses on the current year's activities, resulting changes, and currently known facts. Please read this document in conjunction with basic financial statements, which follow this section.

### **FINANCIAL HIGHLIGHTS**

The District's assets exceeded its liabilities at the close of fiscal year 2004 by \$751,256 (net assets), which represents a 9.86% decrease from last fiscal year.

The District's revenue increased \$11,885 (or 6.63%) primarily due to an increase in the amount of collections for ad valorem taxes due to new industry and construction in Lafourche Parish.

The District's expenses increased \$142,242 (or 108.46%) primarily due to the District purchasing a culvert cleaning truck and an excavator. These purchases are reported as intergovernmental expenses.

The District did not have a deficit fund balance as of December 31, 2004.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's annual report consists of four parts: (1) management's discussion and analysis (this section) (2) basic financial statements (3) the optional section that presents other supplementary information and (4) various governmental compliance reports and schedules by certified public accountants and management.

The basic financial statements include two kinds of statements that present different views of the District:

#### **Government-wide Financial Statements**

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private sector business. The statement of net assets presents information on all of the District's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. The statement of activities presents information showing how the District's net assets change during

each fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods. The governmental activity of the District is public works which is comprised of providing drainage improvements throughout Drainage District No. 1 in Lafourche Parish.

Capital assets purchased by the District for the purpose of maintaining and improving drainage within the District are operated and maintained by the Lafourche Parish Council. Those assets are accounted for by the Lafourche Parish Council, accordingly purchases of such capital assets are reported by the District as intergovernmental expenses.

### **Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. At the end of December 31, 2004, the District has one governmental fund, the General Fund.

### **Governmental Funds**

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains one individual governmental fund, the General Fund, at December 31, 2004. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance. The District adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget. The basic governmental fund financial statements can be found on pages 8 - 10 of this report.

### **Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provide in the government-wide and fund financial statements. The notes to the financial statements can be found in Exhibit D of this report.



## GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of the District's financial position. As of December 31, 2004, assets exceeded liabilities by \$751,256.

### Condensed Statements of Net Assets

	December 31,		Dollar
	2004	2003	Change
Current and other assets	\$ 920,290	\$ 1,020,002	\$ (99,712)
Current liabilities	169,034	186,559	(17,525)
Net Assets - unrestricted	<u>\$ 751,256</u>	<u>\$ 833,443</u>	<u>\$ (82,187)</u>

Investments represent 67.04% of total assets and are comprised of certificates of deposit. Receivables for ad valorem taxes and state revenue sharing relating to taxes assessed in November 2004 total \$167,480 or 18.19% of total assets. The District's remaining asset, \$135,810, is cash. Cash, investments and receivables are assets available for spending.

### Governmental Activities

Governmental activities decreased the District's net assets by \$82,187. Key elements of this decrease are as follows:

### Condensed Changes in Net Assets

	December 31,		Dollar	Total
	2004	2003	Change	Percent
<b>Revenues:</b>				
Ad valorem taxes	\$ 160,445	\$ 146,073	\$ 14,372	9.84%
Intergovernmental	14,880	14,810	70	0.47%
Miscellaneous	15,878	18,435	(2,557)	-13.87%
Total revenues	<u>191,203</u>	<u>179,318</u>	<u>11,885</u>	6.63%
<b>Expenses:</b>				
General government	7,328	10,723	(3,395)	-31.66%
Public works	83,358	120,425	(37,067)	-30.78%
Intergovernmental	182,704	-	182,704	0.00%
Total expenses	<u>273,390</u>	<u>131,148</u>	<u>142,242</u>	108.46%
Increase in net assets	(82,187)	48,170	(130,357)	-270.62%
Net assets beginning of year	833,443	785,273	48,170	6.13%
Net assets end of year	<u>\$ 751,256</u>	<u>\$ 833,443</u>	<u>(82,187)</u>	-9.86%

For the most part, increases in total revenues is due to an overall increase in parish-wide collection of taxes due to new industry and construction in Lafourche Parish and increases in expenses relates to the purchase of the culvert cleaning truck and an excavator.

### **FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS**

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

#### **Governmental Funds**

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. As of the end of the current fiscal year, the District's governmental fund, the general fund, reported ending fund balance of \$751,256, a decrease of \$82,187 in comparison with the prior year and is available for spending at the District's discretion. The key factor of this decrease was largely due to the purchase of the culvert cleaning truck and excavator.

#### **General Fund Budgetary Highlights**

The budget was amended one time during the year. The primary reason for amending the budget was to prevent compliance violations under state law. The major differences between the original General Fund budget and the final amended budget were as follows:

##### **Revenues**

- The District increased miscellaneous revenue due to receiving prior year ad valorem collections.

##### **Expenditures**

- The District increased intergovernmental expenditures by \$87,030 due to purchasing a culvert cleaning truck and an excavator.

During the year, revenues and expenditures exceeded budgetary estimates.

### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

The Board of Directors considered the following factors and indicators when setting next year's budget, rates, and fees. These factors and indicators include:

- The Ad Valorem Tax revenue budgeted represents the estimated amount of the November 2004 assessment, which the District will receive, for the most part, in January 2005.

- Salaries are based on the actual personnel needed to conduct the District's services.
- Significant repairs and maintenance expenditures are planned for roads, levees and pump stations.

### **REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Board of Directors of the Lafourche Parish Drainage District No. 1, Galliano, Louisiana 70354.

**STATEMENT OF NET ASSETS AND  
GOVERNMENTAL FUND BALANCE SHEET**

**Lafourche Parish Drainage District No. 1**

December 31, 2004

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Net Assets</u>
<b>Assets</b>			
Cash	\$ 135,810		\$ 135,810
Investments	617,000		617,000
Receivables - taxes	18,263		18,263
Due from other governmental units	<u>149,217</u>		<u>149,217</u>
Total assets	<u>\$ 920,290</u>		<u>920,290</u>
<b>Liabilities</b>			
Accounts payable	\$ 1,653		1,653
Deferred revenue	<u>167,381</u>		<u>167,381</u>
Total liabilities	169,034		169,034
<b>Fund Balances/Net Assets</b>			
Fund balance - unreserved	<u>751,256</u>	<u>\$ (751,256)</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 920,290</u>		
Net assets - unrestricted		<u>751,256</u>	<u>751,256</u>
Total net assets		<u>\$ 751,256</u>	<u>\$ 751,256</u>

See notes to financial statements.

**STATEMENT OF ACTIVITIES AND STATEMENT OF  
GOVERNMENTAL FUND REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE**

**Lafourche Parish Drainage District No. 1**

For the year ended December 31, 2004

	<u>General</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
<b>Revenues</b>			
Taxes	\$ 160,445		\$ 160,445
Intergovernmental:			
State of Louisiana:			
State revenue sharing	14,880		14,880
Miscellaneous:			
Interest	15,046		15,046
Other Income	832		832
	<u>191,203</u>		<u>191,203</u>
<b>Expenditures</b>			
Current:			
General government:			
Ad valorem tax adjustment	2,510		2,510
Ad valorem tax deduction	4,818		4,818
	<u>7,328</u>		<u>7,328</u>
Public works:			
Personal services	14,856		14,856
Supplies and materials	10		10
Other services and charges	37,284		37,284
Repairs and maintenance	31,208		31,208
	<u>83,358</u>		<u>83,358</u>
Intergovernmental	<u>182,704</u>		<u>182,704</u>
Total expenditures/expenses	<u>273,390</u>		<u>273,390</u>
<b>Deficiency of Revenues over Expenditures</b>	(82,187)		(82,187)
<b>Fund Balance/Net Assets</b>			
Beginning of year	<u>833,443</u>		<u>833,443</u>
End of year	<u>\$ 751,256</u>	<u>\$ -</u>	<u>\$ 751,256</u>

See notes to financial statements.

**STATEMENT OF GOVERNMENTAL FUND REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -  
GENERAL FUND**

**Lafourche Parish Drainage District No. 1**

For the year ended December 31, 2004

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Favorable (Unfavorable)
<b>Revenues</b>				
Taxes	\$ 150,000	\$ 147,000	\$ 160,445	\$ 13,445
Intergovernmental:				
State of Louisiana:				
State revenue sharing	14,800	14,900	14,880	(20)
Miscellaneous:				
Interest	12,000	15,000	15,046	46
Other	-	6,500	832	(5,668)
Total revenues	176,800	183,400	191,203	7,803
<b>Expenditures</b>				
Current:				
General government:				
Ad valorem tax adjustment	2,000	7,500	2,510	4,990
Ad valorem tax deduction	2,000	2,000	4,818	(2,818)
Total general government	4,000	9,500	7,328	2,172
Public works:				
Personal services	15,200	15,200	14,856	344
Supplies and materials	500	10	10	-
Other services and charges	44,000	33,400	37,284	(3,884)
Repairs and maintenance	16,500	31,370	31,208	162
Total public works	76,200	79,980	83,358	(3,378)
Intergovernmental	96,600	183,630	182,704	926
Total expenditures	176,800	273,110	273,390	(280)
<b>Deficiency of Revenues over Expenditures</b>	-	(89,710)	(82,187)	7,523
<b>Fund Balance</b>				
Beginning of year	805,851	833,443	833,443	-
End of year	\$ 805,851	\$ 743,733	\$ 751,256	\$ 7,523

See notes to financial statements.

**NOTES TO FINANCIAL STATEMENTS**

**Lafourche Parish Drainage District No. 1**

December 31, 2004

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the Lafourche Parish Drainage District No. 1 (the District) conform to accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of significant accounting policies:

**a) Reporting Entity**

The District is a component unit of the Lafourche Parish Council, (the Council). The District has reviewed all of its activities and determined that there are no potential component units, which should be included in its financial statements.

**b) Basis of Presentation**

The District's basic financial statements consist of the government-wide statements on all activities of the District and the governmental fund financial statements.

**Government-wide Financial Statements:**

The government-wide financial statements include the Statement of Net Assets and the Statement of Activities for all activities of the District. The government-wide presentation focuses primarily on the sustainability of the District as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. Governmental activities generally are financed through taxes, intergovernmental revenues and other non-exchange revenues.

**Fund Financial Statements:**

The fund financial statements are very similar to the traditional government fund statements as presented by governments prior to the issuance of Statement No. 34. The daily accounts and operations of the District continue to be organized on the basis

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**b) Basis of Presentation (Continued)**

of a fund and accounts groups, each of which is considered a separate accounting entity. The operations of the fund are accounted for with a separate set of self balancing accounts that comprise its assets, liabilities, equity, revenues and expenditures. Government resources are allocated to and accounted for in the fund based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The Governmental Fund of the District is:

**General Fund** - The General Fund is the general operating fund of the District. It is used to account for all financial resources except those that are required to be accounted for in another fund.

**c) Measurement Focus and Basis of Accounting**

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

**Government-wide Financial Statements:**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized in the year for which they are levied.

**Fund Financial Statements:**

All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (revenues and other financing sources) and decreases



**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**c) Measurement Focus and Basis of Accounting (Continued)**

(expenditures and other uses) in net current assets. Governmental funds are maintained on the modified accrual basis of accounting. Governmental fund revenues resulting from exchange transactions are recognized in the fiscal year in which the exchange takes place and meets the government's availability criteria (susceptible to accrual). Available means that the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Ad valorem taxes and the related state revenue sharing (Intergovernmental revenue) are recognized as revenue in the period for which levied, thus the 2004 property taxes which are being levied to finance the 2005 budget will be recognized as revenue in 2005. The 2004 tax levy is recorded as deferred revenue in the District's 2004 financial statements. Charges for services are recorded when earned since they are measurable and available. Miscellaneous revenues are recorded as revenues when received in cash by the District because they are generally not measurable until actually received.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Allocations of cost such as depreciation are not recognized in the governmental funds.

**d) Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**e) Operating Budgetary Data**

As required by the Louisiana Revised Statute 39:1303, the Board of Commissioners (the Board) adopted a budget for the District's General Fund. The Board, as allowed by state law, does not obtain public participation in the budget process. Any amendment involving the transfer of monies from one function to another or increases in expenditures must be approved by the Board. The District amended its General Fund budget once during the year. All budgeted amounts, which are not expended, or obligated through contracts, lapse at year-end.

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**e) Operating Budgetary Data (Continued)**

The General Fund budget is adopted on a basis materially consistent with accounting principles generally accepted in the United States of America.

The General Fund budget presentation is included in the basic financial statements.

**f) Accounts Receivable**

The financial statements for the District contain no allowance for uncollectible accounts. Uncollectible amounts due for ad valorem taxes and other receivables are recognized as bad debts at the time information becomes available which would indicate the uncollectibility of the particular receivable. These amounts are not considered to be material in relation to the financial position or operations of the funds.

**g) Investments**

Investments consist of certificates of deposit, which are stated at cost and approximate market value.

**h) Vacation and Sick Leave**

The District has no full-time employees. There is no accumulated unpaid vacation and sick leave at December 31, 2004.

**i) Fund Equity**

Government-wide Statements:

Equity is classified as net assets and displayed in three components:

- a. Invested in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets, if any. At December 31, 2004 the District had no capital assets or outstanding borrowings.

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**i) Fund Equity(Continued)**

- b. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributions or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets – All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

When both restricted and unrestricted resources are available for use, it is the District’s policy to use restricted resources first, then unrestricted resources as they are needed. As of December 31, 2004 and for the year then ended, the District did not have or receive restricted net assets.

**Fund Financial Statements:**

Governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved further split between designated and undesignated.

**j) Intergovernmental Expenditures**

Intergovernmental expenditures represent capital outlay for equipment to be operated, maintained and accounted for by the Lafourche Parish Council for the purposes of improving and maintaining drainage within District No. 1.

**Note 2 - DEPOSITS**

Louisiana state law allows all political subdivisions to invest excess funds in obligations of the United States or any other federally insured investment, certificates of deposit of any bank domiciled or having a branch office in State of Louisiana, guaranteed investment contracts and investment grade (A-1/P-1) commercial paper of domestic corporations.

State law requires deposits (cash and certificates of deposit) of all political subdivisions be fully collateralized at all times. Acceptable collateralization includes FDIC insurance and the market value of securities purchased and pledged to the political subdivision. Obligations of the United States, the State of Louisiana and certain political subdivisions

**Note 2 - DEPOSITS (Continued)**

are allowed as security for deposits. Obligations furnished, as security must be held by the political subdivision or with an unaffiliated bank or trust company for the account of the political subdivision.

Cash and deposits are categorized into three categories of credit risk.

Category 1 includes deposits covered by federal depository insurance or by collateral held by the District or its agent in the District's name.

Category 2 includes deposits covered by collateral held by the pledging financial institution's trust department or its agent in the District's name.

Category 3 includes deposits covered by collateral held by the pledging financial institution or its trust department or agents but not in the District's name and deposits which are uninsured or uncollateralized.

The year end balances of deposits are as follows:

	Bank Balances			
	Category			Book
	1	2	3	Balance
Cash	\$100,000	\$ -	\$ 38,182	\$135,810
Investments:				
Certificates of deposit	<u>498,000</u>	<u>-</u>	<u>119,000</u>	<u>617,000</u>
Totals	<u>\$598,000</u>	<u>\$ -</u>	<u>\$157,182</u>	<u>\$752,810</u>

At December 31, 2004, certificates of deposit in excess of the FDIC insurance were collateralized by securities held by unaffiliated banks for the account of the District. The Governmental Accounting Standards Board (GASB), which promulgates the standards for accounting and financial reporting for state and local governments, considers these securities uncollateralized. Even though the pledged securities are considered uncollateralized under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the depositor that the fiscal agent has failed to pay deposited funds upon demand.

**Note 3 - PROPERTY TAXES**

Property taxes are levied each November 1 on the assessed value listed as of the prior January 1 for all real property, merchandise and movable property located in the Parish. Assessed values are established by the Lafourche Parish Assessor's Office and the State Tax Commission at percentages of actual value as specified by Louisiana law. A reevaluation of all property is required to be completed no less than every four years. The last reevaluation was completed for the list of January 1, 2004. Taxes are due and payable December 31 with interest being charged on payments after January 1. Taxes can be paid through the tax sale date, which is the last Wednesday in June. Properties for which the taxes have not been paid are sold for the amount of the taxes. The tax rate for the year ended December 31, 2004 was \$.75 per \$1,000 of assessed valuation on property within Drainage District No. 1 for the purpose of maintaining and operating drainage works within the District. As indicated in Note 1d, taxes levied November 1, 2004 are for budgeted expenditures in 2005 and will be recognized as revenues in 2005.

**Note 4 - DUE FROM OTHER GOVERNMENTAL UNITS**

Amounts due from other governmental units at December 31, 2004 consisted of the following:

State of Louisiana - State revenue sharing	\$ 14,904
Lafourche Parish Tax Collector - December, 2004 collections remitted to the District in January, 2004:	
Ad valorem taxes	<u>134,313</u>
Total	<u>\$149,217</u>

**Note 5 - CAPITAL ASSETS**

All fixed assets are purchased for and maintained by the Council; accordingly, these assets are recorded in records of the Council.

**Note 6 - RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the District carries commercial insurance. No settlements were made during the year that exceeded the District's insurance coverage.

**Note 7 - COMPENSATION OF BOARD MEMBERS**

The District did not pay per diem to any of its Board Members for the year ended December 31, 2004.

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## **SUPPLEMENTARY INFORMATION SECTION**



Bourgeois Bennett

**INDEPENDENT AUDITOR'S REPORT ON ADDITIONAL INFORMATION**

To the Board of Commissioners,  
Lafourche Parish Drainage District No. 1,  
Galliano, Louisiana.

Our report on our audit of the basic financial statements of the Lafourche Parish Drainage District No. 1 (the District) for the year ended December 31, 2004, appears on pages 1 and 2. That audit was conducted for the purpose of forming an opinion on such financial statements taken as a whole. The information contained in the schedules of revenues and expenditures and graphs of revenues and expenditures for the year ended December 31, 2004 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements for the year ended December 31, 2004, taken as a whole.

We also have previously audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the balance sheets of Lafourche Parish Drainage District No. 1 as of December 31, 2003 and 2002, and the related statements of revenues, expenditures and changes in fund balance for each of the two years in the period ended December 31, 2003 (none of which is presented herein), and we expressed unqualified opinions on those financial statements. In our opinion, the information presented in the schedules of revenues and expenditures and graphs of revenues and expenditures for the years ended December 31, 2003 and 2002 is fairly stated in all material respects in relation to the basic financial statements from which it has been derived.

*Bourgeois Bennett, L.L.C.*

Certified Public Accountants.

Thibodaux, Louisiana,  
March 14, 2005.



**SCHEDULE OF GOVERNMENTAL FUND REVENUES  
AND EXPENDITURES**

**Lafourche Parish Drainage District No. 1**

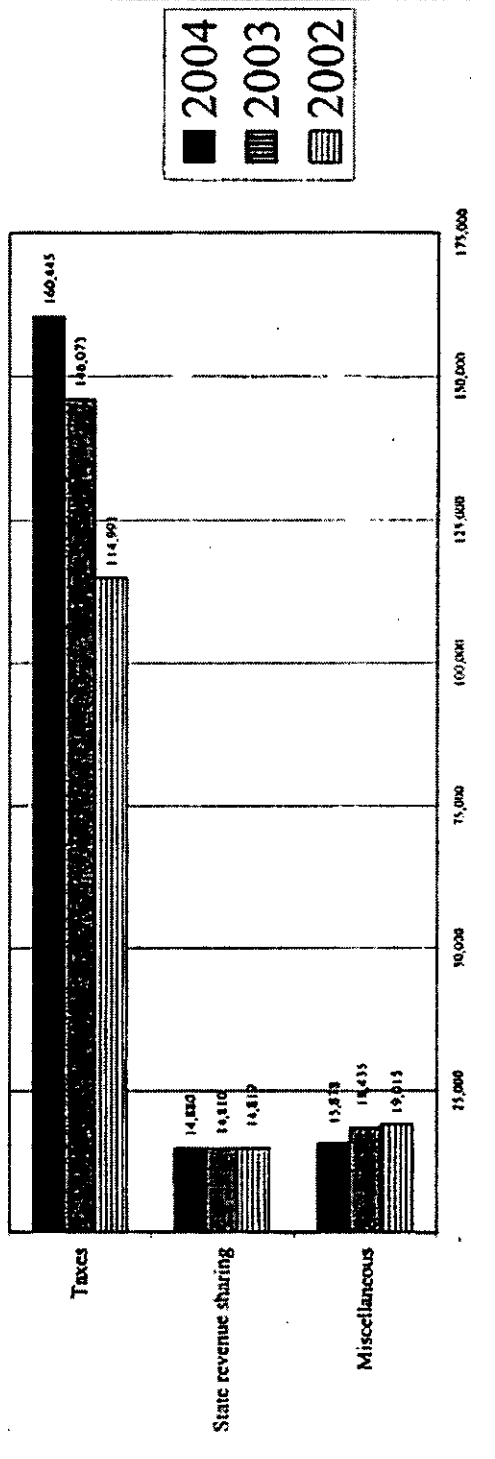
For the years ended December 31, 2004, 2003 and 2002

	<u>2004</u>	<u>2003</u>	<u>2002</u>
<b>Revenues</b>			
Taxes	\$ 160,445	\$ 146,073	\$ 114,991
State revenue sharing	14,880	14,810	14,819
Miscellaneous	<u>15,878</u>	<u>18,435</u>	<u>19,015</u>
Total revenues	<u>\$ 191,203</u>	<u>\$ 179,318</u>	<u>\$ 148,825</u>
<b>Expenditures</b>			
General government	\$ 7,328	\$ 10,723	\$ 5,439
Personal services	14,856	14,856	14,856
Supplies and materials	10	280	324
Other services and charges	37,284	7,746	7,887
Repairs and maintenance	31,208	97,543	39,486
Intergovernmental	<u>182,704</u>	<u>-</u>	<u>34,450</u>
Total expenditures	<u>\$ 273,390</u>	<u>\$ 131,148</u>	<u>\$ 102,442</u>

**GOVERNMENTAL FUND REVENUES**

**Lafourche Parish Drainage District No. 1**

For the years ended December 31, 2004, 2003 and 2002

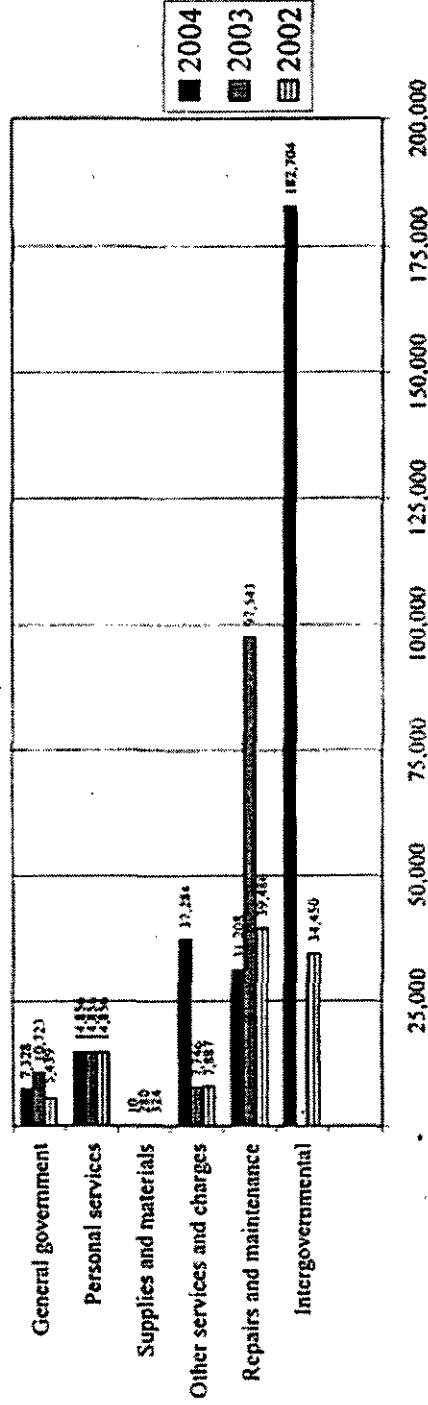


**Schedule 3**

**GOVERNMENTAL FUND EXPENDITURES**

**Lafourche Parish Drainage District No. 1**

For the years ended December 31, 2004, 2003 and 2002



**SPECIAL REPORTS OF CERTIFIED PUBLIC ACCOUNTANTS**



Bourgeois Bennett

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Commissioners,  
Lafourche Parish Drainage District No.1,  
Galliano, Louisiana.

We have audited the basic financial statements of the Lafourche Parish Drainage District No. 1 (the District), a component unit of the Lafourche Parish Council, as of and for the year ended December 31, 2004, and have issued our report thereon dated March 14, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the District's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition described in the accompanying schedule of findings and responses as item 04-1

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we consider item 04-1 to be a material weakness.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended for the information of the Board of Commissioners, management, the State of Louisiana and the Legislative Auditor for the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Bougeois Bennett, LLC.*

Certified Public Accountants.

Thibodaux, Louisiana,  
March 14, 2005.

## **SCHEDULE OF FINDINGS AND RESPONSES**

### **Lafourche Parish Drainage District No. 1**

For the year ended December 31, 2004

#### **Section I Summary of Auditor's Results**

##### **a) Financial Statements**

Type of auditor's report issued: unqualified

Internal control over financial reporting:

- Material weakness(es) identified? ☒ yes ☐ no
- Reportable condition(s) identified that are not considered to be material weaknesses? ☒ yes ☐ none reported

Noncompliance material to financial statements noted? ☐ yes ☒ no

##### **b) Federal Awards**

Lafourche Parish Drainage District No. 1 did not receive federal awards during the year ended December 31, 2004.

#### **Section II Financial Statement Findings**

##### **Internal Control**

04-1 **Criteria** - Internal controls should be in place that provides reasonable assurance that all transactions are being properly recorded in the accounting records.

**Condition** - All accounting functions of the District are performed by the Secretary/Treasurer. The Secretary/Treasurer also co-signs checks.

**Questioned Costs** - None

**Context** - Not applicable

**Effect** - Lack of segregation of duties.

**SCHEDULE OF FINDINGS AND RESPONSES**  
**(Continued)**

**Lafourche Parish Drainage District No. 1**

For the year ended December 31, 2004

**Section II Financial Statement Findings (Continued)**

04-1 (Continued)

**Cause** - Secretary/Treasurer performs conflicting duties.

**Recommendation** - We recommend that a second board member be involved in the financial affairs of the District by reviewing bank statements and cancelled checks.

**Views of Responsible officials of the Auditee when there is Disagreement with the Finding, to the Extent Practical** - None.

**Section III Federal Award Findings and Questioned Costs**

Not applicable.



**REPORTS BY MANAGEMENT**

## **SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES**

### **Lafourche Parish Drainage District No. 1**

For the year ended December 31, 2004

#### **Section I Internal Control and Compliance Material to the Basic Financial Statements**

##### **Internal Control**

03-1 **Recommendation** - We recommended that a second board member be involved in the financial affairs of the District by co-signing checks, reviewing bank statements and cancelled checks, and approving other significant financial matters.

**Management's Response** - Unresolved, see finding 04-1 in the accompanying schedule of findings.

##### **Compliance**

03-2 **Recommendation** - We recommended that controls be in place to ensure that a filing system be in place for easy access to documentation in an organized manner. Also, deposits should be made timely to allow the District to comply with state law.

**Management's Response** - The District maintained records in a more organized manner and deposits were made timely.

#### **Section II Internal Control and Compliance Material to Federal Awards**

Lafourche Parish Drainage District No. 1 did not receive federal awards during the year ended December 31, 2003.

#### **Section III Management Letter**

A management letter was not issued in connection with the audit for the year ended December 31, 2003.

## **MANAGEMENT'S CORRECTIVE ACTION PLAN**

### **Lafourche Parish Drainage District No. 1**

For the year ended December 31, 2004

#### **Section I Internal Control and Compliance Material to the Basic Financial Statements**

##### **Internal Control**

04-1 **Recommendation** - We recommend that a second board member be involved in the financial affairs of the District by reviewing bank statements and cancelled checks.

**Management's Corrective Action** - The Secretary/Treasurer reports to the Board quarterly on all financial activities. All significant financial matters are approved by the Board prior to disbursement of funds.

##### **Internal Control and Compliance**

No compliance findings material to the basic financial statements were noted during the audit for the year ended December 31, 2004.

#### **Section II Internal Control and Compliance Material to Federal Awards**

Lafourche Parish Drainage District No. 1 did not receive federal awards during the year ended December 31, 2004.

#### **Section III Management Letter**

A management letter was not issued in connection with the audit for the year ended December 31, 2004.